

Editorial: By negotiation or referendum -- Either way, pension reform coming to Long Beach

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As he unveiled a proposed budget with sweeping cuts in police and other services, Long Beach Mayor Bob Foster threatened again this week to put pension reform on the ballot if the city's largest public employees union doesn't come to its senses on the issue.

Of course, hoping for a stubborn union to compromise on the retirement benefits that are straining municipal budgets could be as futile as hoping for Democrats in the Legislature to get on board with Gov. Jerry Brown's perfectly reasonable plan for state pension reform.

But Foster wants to give members of the International Association of Machinists and Aerospace Workers a chance to approve the city's latest offer before he drops the referendum hammer. They basically have until mid-September to say yes. Otherwise pension reform will go to voters next spring. Considering the success pension reform had with voters in San Jose and San Diego recently, it's not an empty threat.

The mayor says the issue would have appeared on the city ballot already if the police and fire unions hadn't agreed to pension changes last year.

In an interview Thursday, Foster was convincing that he will follow through. He should.

Foster said the pension cuts in a ballot measure "will certainly be less generous than the offer that's on the table. Given the public's mood, (after reading) all of the stories about outrageous pensions and public officials getting insane salaries all over the state, the public is clearly of a mood to do this."

It is the public that has created the growing momentum for pension reform. Los Angeles voters approved reforms for the city's police and fire pension systems. And San Diego and San Jose voters approved pension-cutting ballot measures.

Because Long Beach's retirement system is part of the California Public Employees' Retirement System, the pension reforms called for in a city ballot measure would have to be more limited than those in San Diego and San Jose.

Still, the reforms would be significant. What's more, having the people of another city mandating action on pensions would help the case to be made in more and more California cities. Eventually, even the union-friendly lawmakers in the state capitol might jump on the bandwagon.

Foster takes pains to explain that he does not mean to demonize public employees. He appreciates what they contribute to the Long Beach community. So Foster would rather achieve pension savings through negotiations than with a referendum.

At the same time, he thinks government leaders have lacked the "backbone and foresight to say no" to more generous pensions. In Long Beach, the result is \$202 million in unfunded pension liabilities. Other cities tell similar horror stories - and some of those stories have ended in bankruptcy.

Long Beach officials released a budget proposal Wednesday that eliminates 40 police officer positions and

makes other cuts to close a \$17.2 million deficit for the year starting Oct. 1. The deficit would be worse, but last year Long Beach negotiated pension changes with police and fire unions that are projected to save \$100 million in the next decade.

If negotiations with IAM were to lead to similar pension savings, city leaders say the immediate relief to the general fund would be \$4 million for the 2013 fiscal year.

Residents should hope IAM members see the necessity of these changes, for the city's residents and for the long-term self-interest of public employees who, after all, depend on a fiscally solid government for their security.

On the other hand, if the union stays stubborn, voters should look forward to tackling the issue.

We can't wait -- in more than one sense of the phrase.